The present limitation of area is a difficulty. Very few estates likely to be sold under the Act are all of such a uniform quality that they can be profitably held, even in 200-acre sections. The size of the sections might be left to the Board to fix. As a great deal will depend on the kind of men who will purchase land under the Act, the Board should have power to examine on oath applicants as to their fitness to successfully work an allotment.

The Act, I am convinced, will yet be of great benefit to the Dominion. When it is amended in its weak spots, and more widely understood, advantage will be taken of its beneficial provisions to an extent undreamt of at present.

STATE-GUARANTEED ADVANCES DEPARTMENT.

The business during the year was as follows: Number of loans granted to settlers, 2,745, amounting to £1,095,120; to workers, 1,359 in number, amounting to £362,352.

The amount advanced since the Department commenced operations, including sums repaid and loaned again, is—to settlers, £10,245,265; and to workers, £1,074,225: making a total of £11,319,490.

The Board of the Office, after full consideration, has decided that the present term for repayment of loans to workers—36½ years—is too long, and in the interests of safety has recommended a reduction; and, further, that there shall be two classes of security, first and second—moneys lent on first-class securities being repayable in thirty years, and on second-class securities in twenty years.

As most of the loans are on wooden buildings, with in many cases sections of small value, the present repayment term should be shortened. Having regard to the great advantages enjoyed by borrowers under this system, the low rate of interest paid, the preparation of mortgages free of charge, the small fees charged, and the large amount lent in proportion to the value of the security, no reasonable objection can be offered to the shortening of the present term.

The system brings more than the advantages of a building society to the workers in every part of New Zealand; and, as it is desirable to still further extend its usefulness, it has been decided to furnish intending borrowers with complete plans and specifications of different types of buildings suitable for workers, costing from £200 up to £450, the maximum amount to be lent. The buildings will have baths, hot-water service, and convenient internal arrangements. This will enable the borrower to at once select the type of home he desires within a wide range of choice, and get plans and specifications which have been prepared by an expert, free of charge.

This will also be of great value to the Department in getting for its money a better class of building as a security than at present.

In order to prove that there will be no hardship in repaying the principal moneys more quickly than at present, these figures will show what will have to be paid per week for buildings of six different values:—

Cost of Building.	First Class: 30-years Loan. Per Week.	Second Class: 20-years Loan. Per Week.
£	s. d.	s. d.
200	4 9	5 11
250	5 11	7 5
300	7 2	9 0
350	8 4	10 4
400	9 6	11 10
450	10 9	13 4

It will be seen that to repay in twenty years a loan of £450 a worker will be paying no more in principal and interest than he would have to pay for rent for a decent home—in fact, less than many are now paying.

As it is intended to place the investment of sinking funds for the repayment of the public debt of the Dominion in the hands of the State-guaranteed Advances Department, every precaution must be taken to diminish risks in the securities taken. In a few years' time the amount which will be advanced by the Board to settlers and workers and local authorities will be very large, and caution to avoid losses is necessary, whilst the usefulness of the institution must not be diminished.